

ALW:AAQ  
F.#2005R00185

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA

I N D I C T M E N T

- against -

LENNOX PARRIS and  
LESTER PARRIS,

Defendants.

Cr. No. \_\_\_\_\_  
(T. 15, U.S.C., §§ 78j(b)  
and 78ff; T. 18, U.S.C.,  
§§ 371, 981(a)(1)(C),  
1512(b)(1), 1512(k), 2  
and 3551 et seq.; T. 21,  
U.S.C., § 853(p); T. 28,  
U.S.C., § 2461(c))

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THE GRAND JURY CHARGES:

INTRODUCTION

At all times relevant to this Indictment, unless  
otherwise indicated:

The Defendants and the Company

1. Queénch, Inc. ("Queénch") was a publicly held  
company, incorporated under the laws of Utah, with its  
headquarters at 500 North Broadway, Suite 133, Jericho, New York.  
Queénch's primary business was the manufacture and distribution  
of bottled water products.

2. The common stock of Queénch was traded under the  
symbol "QENC" on the "Pink Sheets," a quotation service for  
over-the-counter stocks.

3. The defendant LENNOX PARRIS served as a director of Queénch, signed numerous documents as an officer of Queénch and, together with others, controlled Queénch.

4. The defendant LESTER PARRIS signed numerous documents as an officer of Queénch, was a consultant to Queénch and, together with others, controlled Queénch. In addition, from approximately 2002 to the fall of 2003, the defendant LESTER PARRIS was a director of Queénch.

#### Other Relevant Entities

5. Sprout Investments, LLC ("Sprout") was a Colorado company with its principal place of business in Boca Raton, Florida.

6. Alpine Equity, LLC ("Alpine") was a Texas company and had the same principal place of business as Sprout.

7. Parris Global Sports Network, LLC ("Parris Global") was a Maryland company with its principal place of business in Westbury, New York.

#### The Fraudulent Scheme

8. In or about and between January 2004 and March 2004, both dates being approximate and inclusive, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, devised, implemented, oversaw and participated in a fraudulent scheme to manipulate the market price of Queénch common stock.

9. As a part of this scheme, on or about and between January 5, 2004 and March 12, 2004, both dates being approximate and inclusive, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue 28.6 million shares of Queénch common stock to Sprout and Alpine.

10. As a further part of this scheme, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, made and caused to be made materially false and misleading public statements that were designed to artificially inflate the market price of Queénch common stock. These materially false and misleading public statements included the following:

a. On or about January 15, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release entitled Queénch "Continues Partnership With Time Warner, Inc.," which stated that Queénch had "entered into talks with Time Warner, Inc. to continue its vendor contract to [sic] Time Warner, Inc." These statements were false and misleading because, as the defendants LENNOX PARRIS and LESTER PARRIS then and there well knew and believed, there were no such talks with Time Warner, Inc.

b. On or about January 16, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release stating that Queénch had "completed inspection and approval of its water bottling plants

by the U.S. Army Veterinary Command (VETCOM).” These statements were false and misleading because, as the defendants LENNOX PARRIS and LESTER PARRIS then and there well knew and believed, VETCOM (which is responsible for food safety and quality assurance for the military) had never inspected or approved any of Queénch’s plants.

c. On or about January 28, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release entitled “Queénch, Inc. In Negotiations with 7-Eleven Stores for Nationwide Launch of Queénch Products.” These statements were false and misleading because, as the defendants LENNOX PARRIS and LESTER PARRIS then and there well knew and believed, there were no such negotiations.

d. On or about February 2, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release entitled “Queénch, Inc. Today Announced a Joint Venture with Thump/Universal for Distribution Through Vending Machines, Educational Schools and Malls.” The press release also stated that “Queénch, Inc. bottled water will be the latest addition to Thump/Universal’s in-store kiosks entitled ‘Thump Mall Jams’ . . . . [C]onsumers will be able to purchase Queénch water with the order and download of CDs and DVDs at 150 shopping malls within the U.S.” These statements

were false and misleading because, as the defendants LENNOX PARRIS and LESTER PARRIS then and there well knew and believed, there was no such joint venture.

e. On or about February 4, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release announcing Queénch's audited "Condensed Consolidated States of Operations" for the year ending December 31, 2003. These statements were false and misleading because, as the defendants LENNOX PARRIS and LESTER PARRIS then and there well knew and believed, Queénch's financial statements had not yet been audited.

11. As part of this scheme, Sprout, together with others, caused portions of the false and misleading press releases to be incorporated into facsimiles and e-mails that were sent to approximately two million people ("fax and email blasts").

12. The false and misleading statements set forth above in paragraph 10, along with the fax and e-mail blasts and other false and misleading statements issued publicly by Queénch, were intended to manipulate and did manipulate the price of Queénch common stock. During the six-month period preceding issuance of Queénch's false press releases, Queénch's share price averaged \$.15 and the average daily trading volume was under 30,000 shares. During the time period in which the defendants

caused the issuance of the false and misleading press releases set forth in paragraph 10, Queénch stock peaked at a closing price of \$.32 per share, with an average daily trading volume of 1.65 million shares.

13. As Queénch's stock price rose artificially as a result of these deceptive and manipulative techniques, Sprout and Alpine sold shares of Queénch common stock at a substantial profit from accounts that Sprout and Alpine controlled.

14. As a further part of this scheme, on or about and between January 9, 2004 and March 18, 2004, both dates being approximate and inclusive, Sprout wired a total of approximately \$2.55 million to a Parris Global account controlled by the defendant LESTER PARRIS. The defendants LESTER PARRIS and LENNOX PARRIS spent a substantial portion of the \$2.55 million on personal expenses and investments.

COUNT ONE

(Conspiracy to Commit Securities Fraud)

15. The allegations contained in paragraphs 1 through 14 are realleged and incorporated as if fully set forth in this paragraph.

16. In or about and between January 2004 and March 2004, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly and willfully conspire to use and employ manipulative and deceptive

devices and contrivances, directly and indirectly, in violation of Rule 10b-5 of the Rules and Regulations of the Securities and Exchange Commission ("SEC") (Title 17, Code of Federal Regulations, Section 240.10b-5), and, directly and indirectly, to (a) employ devices, schemes and artifices to defraud; (b) make untrue statements of material fact and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices, and courses of business which would and did operate as a fraud and deceit upon the investing public, in connection with purchases and sales of Queénch common stock, and by use of means and instrumentalities of interstate commerce and the mails, in violation of Title 15, United States Code, Sections 78j(b) and 78ff.

17. In furtherance of the conspiracy and to effect its objectives, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

a. On or about January 8, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue 2,000,000 shares of Queénch common stock to Sprout.

b. On or about January 15, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release.

c. On or about January 16, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release.

d. On or about January 20, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue 2,000,000 shares of Queénch common stock to Sprout.

e. On or about January 27, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue 963,160 shares of Queénch common stock to Sprout.

f. On or about January 28, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release.

g. On or about January 30, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue 4,636,840 shares of Queénch common stock to Sprout.

h. On or about February 2, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release.



i. On or about February 4, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue a press release.

j. On or about February 6, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue 4,000,000 shares of Queénch common stock to Sprout.

k. On or about February 9, 2004, the defendant LESTER PARRIS, together with others, caused \$400,000 to be wired from a Parris Global account to North Fork Bank.

l. On or about February 12, 2004, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, caused Queénch to issue 4,000,000 shares of Queénch common stock to Sprout.

m. On or about February 19, 2004, the defendant LESTER PARRIS, together with others, caused \$100,000 to be wired from a Parris Global account to Bank of Nova Scotia.

n. On or about February 27, 2004, the defendant LENNOX PARRIS, using the alias "John Alexander," together with others, caused Queénch to issue 3,000,000 shares of Queénch common stock to Alpine.

o. On or about March 2, 2004, the defendant LENNOX PARRIS, using the alias "John Alexander," sent a facsimile

to Dissemination Services, LLC from the Peninsula Hotel in Beverly Hills, California.

p. On or about March 5, 2004, the defendant LENNOX PARRIS, together with others, caused Queénch to issue 4,000,000 shares of Queénch common stock to Sprout.

q. On or about March 10, 2004, the defendant LENNOX PARRIS, together with others, caused Queénch to issue 4,000,000 shares of Queénch common stock to Sprout.

(Title 18, United States Code, Sections 371 and 3551 et seq.)

COUNT TWO  
(Securities Fraud)

18. The allegations contained in paragraphs 1 through 14 and 17 are realleged and incorporated as if fully set forth in this paragraph.

19. On or about January 15, 2004, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly and willfully use and employ manipulative and deceptive devices and contrivances, directly and indirectly, in violation of Rule 10b-5 of the Rules and Regulations of the SEC (Title 17, Code of Federal Regulations, Section 240.10b-5), in that the defendants, together with others, did knowingly and willfully, directly and indirectly, (a) employ devices, schemes, and artifices to defraud; (b) make untrue statements of material fact and omit to

state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices, and courses of business which would and did operate as a fraud and deceit upon members of the investing public, in connection with purchases and sales of Queench common stock, and by use of the means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT THREE  
(Securities Fraud)

20. The allegations contained in paragraphs 1 through 14 and 17 are realleged and incorporated as if fully set forth in this paragraph.

21. On or about January 16, 2004, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly and willfully use and employ manipulative and deceptive devices and contrivances, directly and indirectly, in violation of Rule 10b-5 of the Rules and Regulations of the SEC (Title 17, Code of Federal Regulations, Section 240.10b-5), in that the defendants, together with others, did knowingly and willfully, directly and indirectly, (a) employ devices, schemes, and artifices to defraud; (b) make untrue statements of material fact and omit to state material facts necessary in order to make the statements

made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices, and courses of business which would and did operate as a fraud and deceit upon members of the investing public, in connection with purchases and sales of Queénch common stock, and by use of the means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT FOUR  
(Securities Fraud)

22. The allegations contained in paragraphs 1 through 14 and 17 are realleged and incorporated as if fully set forth in this paragraph.

23. On or about January 28, 2004, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly and willfully use and employ manipulative and deceptive devices and contrivances, directly and indirectly, in violation of Rule 10b-5 of the Rules and Regulations of the SEC (Title 17, Code of Federal Regulations, Section 240.10b-5), in that the defendants, together with others, did knowingly and willfully, directly and indirectly, (a) employ devices, schemes, and artifices to defraud; (b) make untrue statements of material fact and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made,

not misleading; and (c) engage in acts, practices, and courses of business which would and did operate as a fraud and deceit upon members of the investing public, in connection with purchases and sales of Queénch common stock, and by use of the means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT FIVE  
(Securities Fraud)

24. The allegations contained in paragraphs 1 through 14 and 17 are realleged and incorporated as if fully set forth in this paragraph.

25. On or about February 2, 2004, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly and willfully use and employ manipulative and deceptive devices and contrivances, directly and indirectly, in violation of Rule 10b-5 of the Rules and Regulations of the SEC (Title 17, Code of Federal Regulations, Section 240.10b-5), in that the defendants, together with others, did knowingly and willfully, directly and indirectly, (a) employ devices, schemes, and artifices to defraud; (b) make untrue statements of material fact and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices, and courses of

business which would and did operate as a fraud and deceit upon members of the investing public, in connection with purchases and sales of Queénch common stock, and by use of the means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT SIX  
(Securities Fraud)

26. The allegations contained in paragraphs 1 through 14 and 17 are realleged and incorporated as if fully set forth in this paragraph.

27. On or about February 4, 2004, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly and willfully use and employ manipulative and deceptive devices and contrivances, directly and indirectly, in violation of Rule 10b-5 of the Rules and Regulations of the SEC (Title 17, Code of Federal Regulations, Section 240.10b-5), in that the defendants, together with others, did knowingly and willfully, directly and indirectly, (a) employ devices, schemes, and artifices to defraud; (b) make untrue statements of material fact and omit to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engage in acts, practices, and courses of business which would and did operate as a fraud and deceit upon

members of the investing public, in connection with purchases and sales of Queénch common stock, and by use of the means and instrumentalities of interstate commerce and the mails.

(Title 15, United States Code, Sections 78j(b) and 78ff; Title 18, United States Code, Sections 2 and 3551 et seq.)

COUNT SEVEN  
(Conspiracy to Obstruct of Justice)

28. The allegations contained in paragraphs 1 through 14 and 17 are realleged and incorporated as if fully set forth in this paragraph.

29. In or about and between April 2004 and July 2005, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly and intentionally conspire to corruptly obstruct, influence and impede official proceedings, to wit: an SEC investigation and an Eastern District of New York grand jury investigation of the conduct described in paragraphs 1 through 14 and 17, in violation of Title 18, United States Code, Section 1512(c)(2).

(Title 18, United States Code, Sections 1512(k) and 3551 et seq.)

COUNT EIGHT  
(Attempted Witness Tampering)

30. The allegations contained in paragraphs 1 through 14 and 17 are realleged and incorporated as if fully set forth in this paragraph.

31. In or about and between April 2004 and July 2005, both dates being approximate and inclusive, within the Eastern District of New York, the defendants LENNOX PARRIS and LESTER PARRIS, together with others, did knowingly, intentionally and corruptly attempt to persuade and engage in misleading conduct toward Jane Doe, an individual whose identity is known to the grand jury, with intent to influence the testimony of Jane Doe in official proceedings, to wit: an SEC investigation and an Eastern District of New York grand jury investigation of the conduct described in paragraphs 1 through 14 and 17.

(Title 18, United States Code, Sections 1512(b)(1), 2 and 3551 et seq.)

CRIMINAL FORFEITURE ALLEGATION  
FOR COUNTS ONE THROUGH SIX

32. The United States hereby gives notice to the defendants charged in Counts One through Six that, upon their conviction of any such offense, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to



forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses, including but not limited to the following:

Money Judgment

A sum of money equal to approximately \$2.55 million in United States currency, for which the defendants are jointly and severally liable; and

Specific Property

An approximately 195-acre tract of real estate located in Part Lots 27 and 28, Concession 7, Township of Havelock-Belmont-Methuen, County of Peterborough, Ontario, Canada, purchased by Parris Brothers Holdings, Inc. on or about March 12, 2004.

33. If any of the above-described forfeitable property, as a result of any act or omission of the defendants:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third party;

(c) has been placed beyond the jurisdiction of the court;

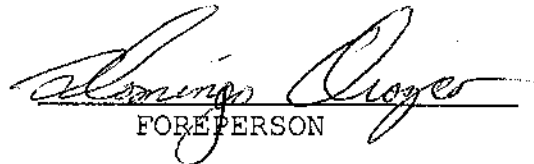
(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendants up to the value of the forfeitable property described in this forfeiture allegation.

(Title 28, United States Code, Section 2461(c); Title 18, United States Code, Section 981(a)(1)(C); Title 21, United States Code, Section 853(p))

A TRUE BILL

  
FOREPERSON

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ROSLYNN R. MAUSKOPF  
UNITED STATES ATTORNEY  
EASTERN DISTRICT OF NEW YORK

BY:   
ACTING UNITED STATES ATTORNEY  
PURSUANT TO 28 C.F.R. 0.136

